Risk Management and Acquisition Success

Nov 01

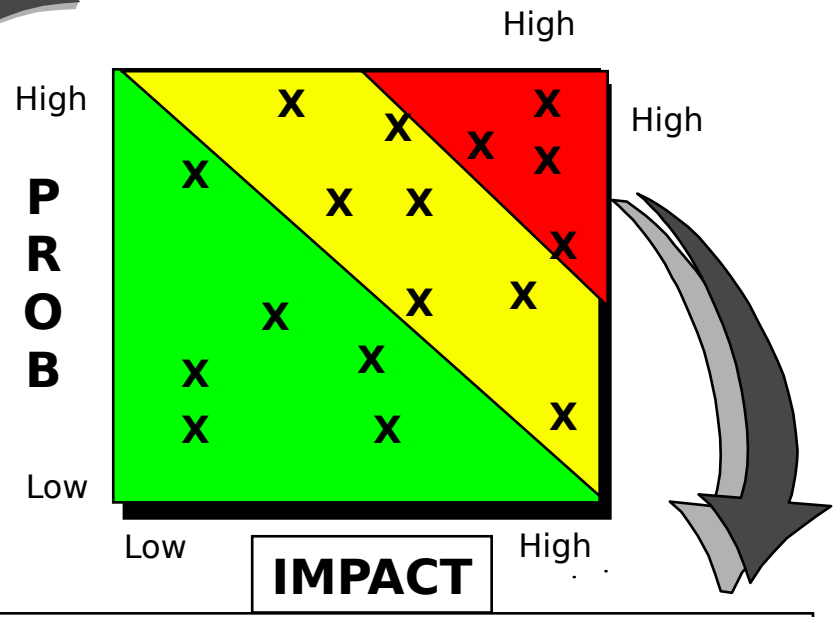
Risk Driven Acquisition Strategy

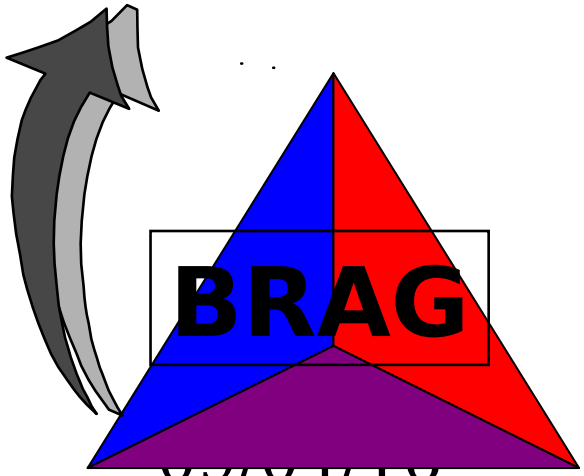
Risk Tables

Requirement	Risk	Impact	Prob	Rating
Technical Risks				

Schedule Risks				

Cost Risks				





05/04/10

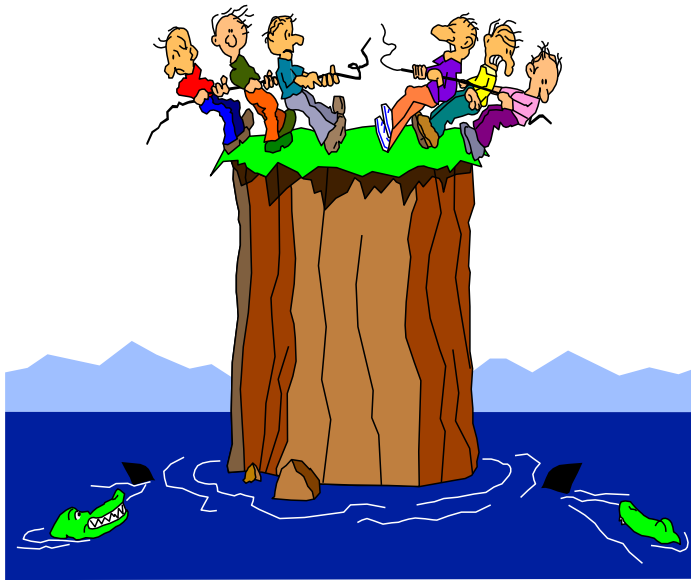
Acquisition Strategy

- **RFP Content (SDS)**
- **Evaluation Criteria (Section M)**
- **Proposal Preparation (Section L)**
- **Incentives (Contract type)**
- **Post Award Management**

What is Risk?

- Risk is a measure of the inability to achieve program objectives within cost and schedule constraints

- Two components of Risk:
  - ***Probability*** **of failing to achieve particular performance, schedule or cost objectives**
  - ***Consequences*** **of failing to achieve those**



What is Risk Management?

- **Organized method of identifying and measuring risk and developing, selecting, and managing options for handling these risks *(OMB Circular A-11)***
- **Act or practice of controlling risk using a process to include:**
  - **Identifying and tracking risk areas**
  - **Developing risk mitigation plans as part of risk handling**
  - **Monitoring risks and performing risk assessments to determine how risks have changed.**
- **Method of managing that concentrates on identifying and controlling the areas or events that have a potential of causing unwanted change**

It is no more and no less than informed program management!!

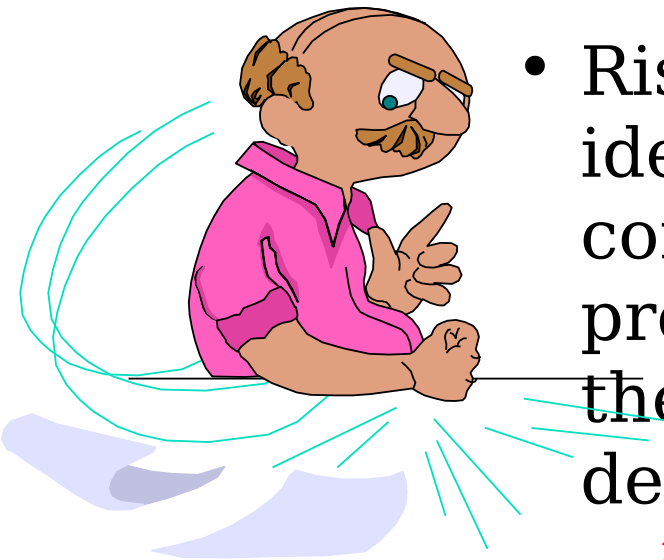
What To Do About Risk

Risk ***Should Not Be Avoided***. By Performing Risk Management, We Can Attempt to Ensure That the Right Risks Are Taken at the Right Time.

"…***Risk Taking Is Essential to Progress***. Failure Is Often a Key Part of Learning…"

Using Risk Management Techniques, ***We Can Alleviate the Harm or Loss to a Program.***

How to Manage Risk



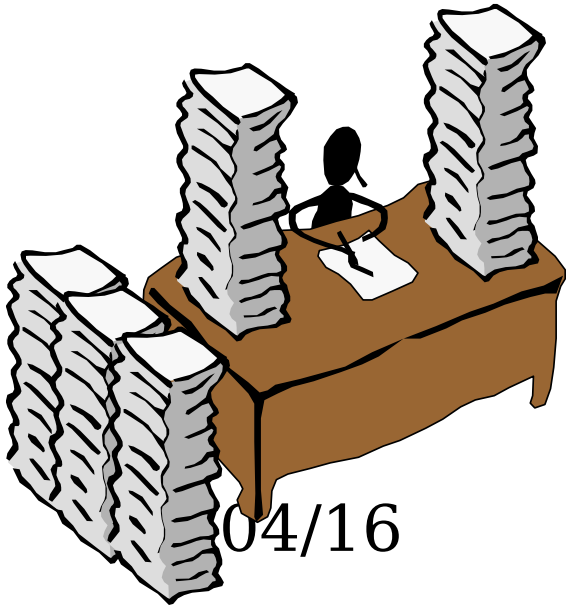
- Risk management encompasses identification, mitigation, and continuous tracking, and control procedures that feed back through the program assessment process to decision authorities.

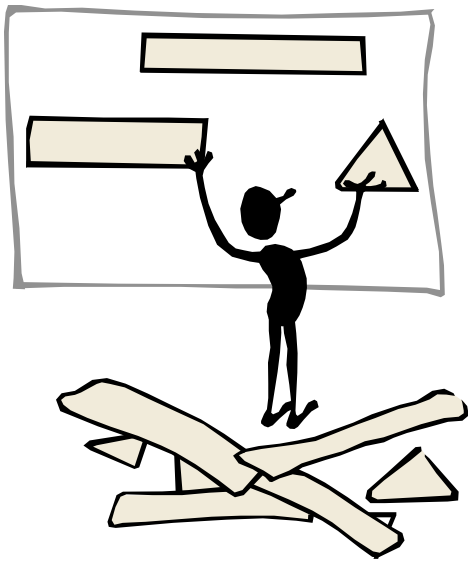
DoDD 5000.1 4.1.4

…it is the SMART thing to do!

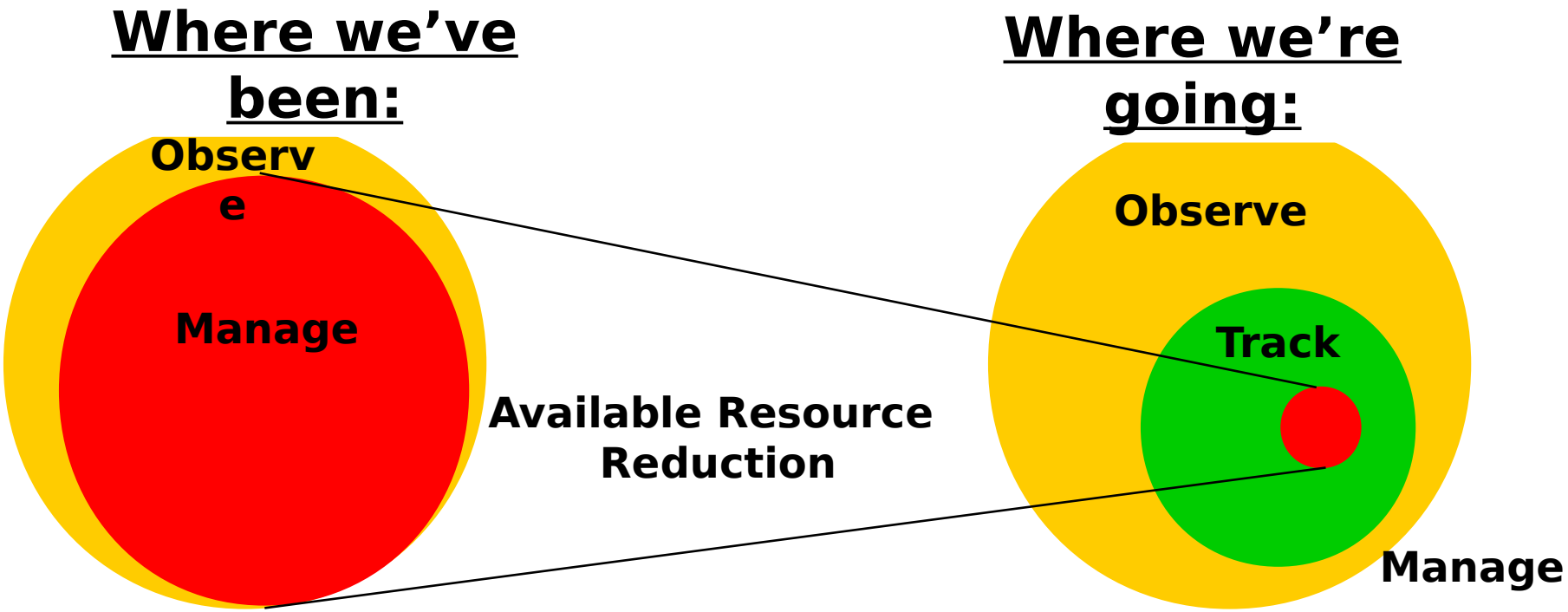
Should All Risks Be Managed?

- No….not all risks ***require*** “managing”
- Risk management is resource intensive and must be a focused to be effective and efficient





From Oversight to Insight

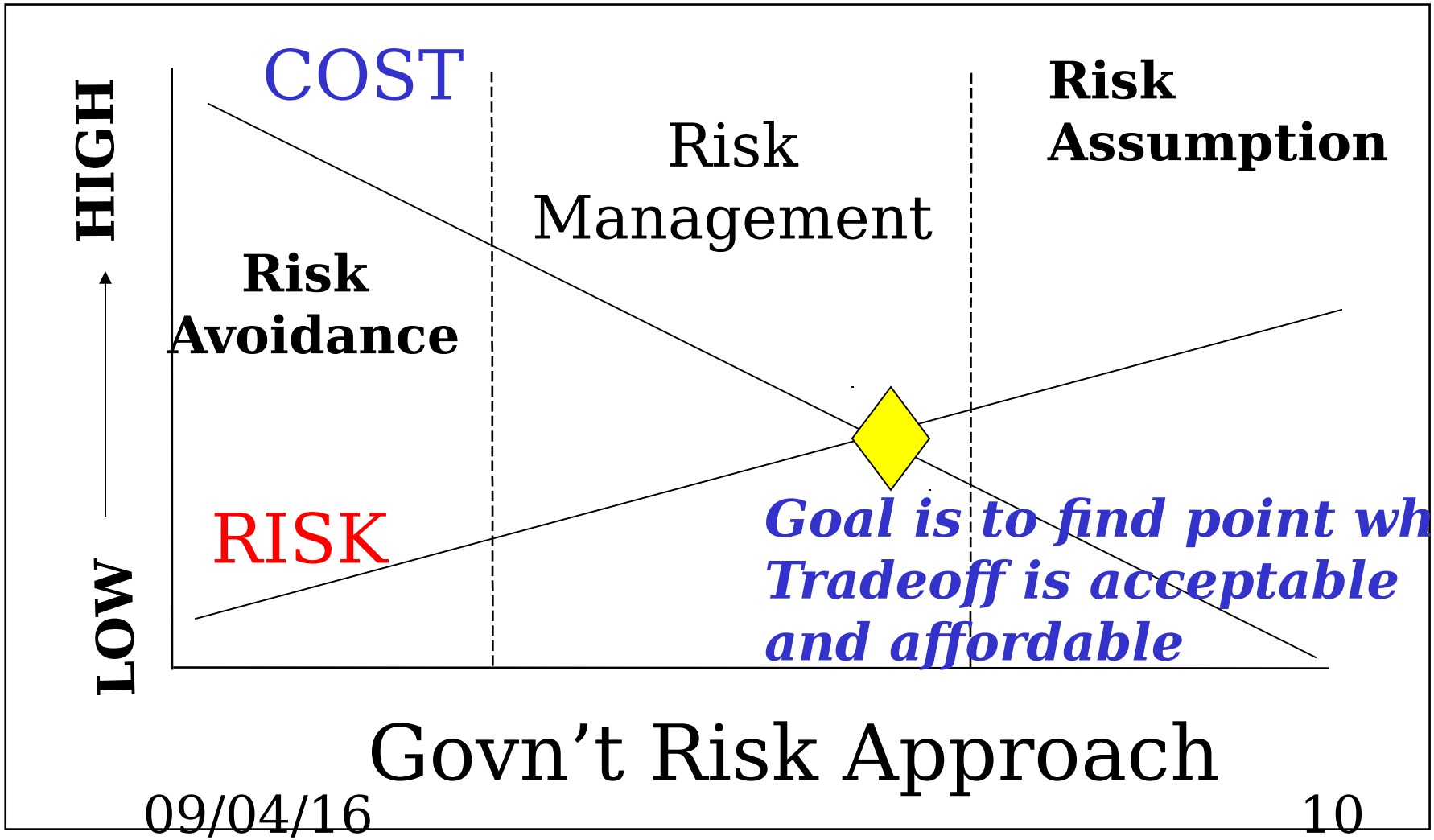


What Does It Take?

Successful BRAGS

- All stakeholders share a common vi
- Open discussion - no secrets
- Qualified, multi-disciplined, empowered team members
- Consistent, success-oriented, proactive participation
- Continuous communication
- Reasoned disagreement
- Issues raised and resolved early

Risk vs Cost to Government

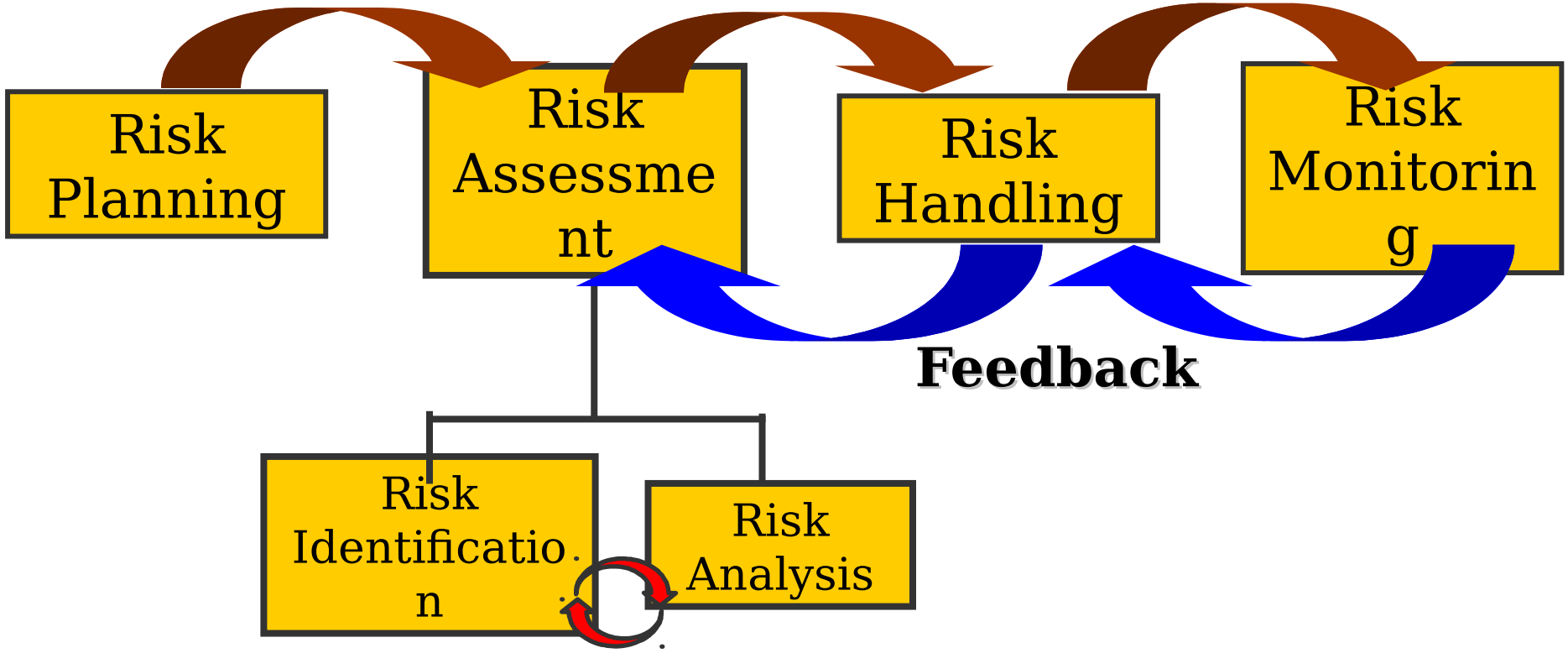


Govn’t Risk Approach

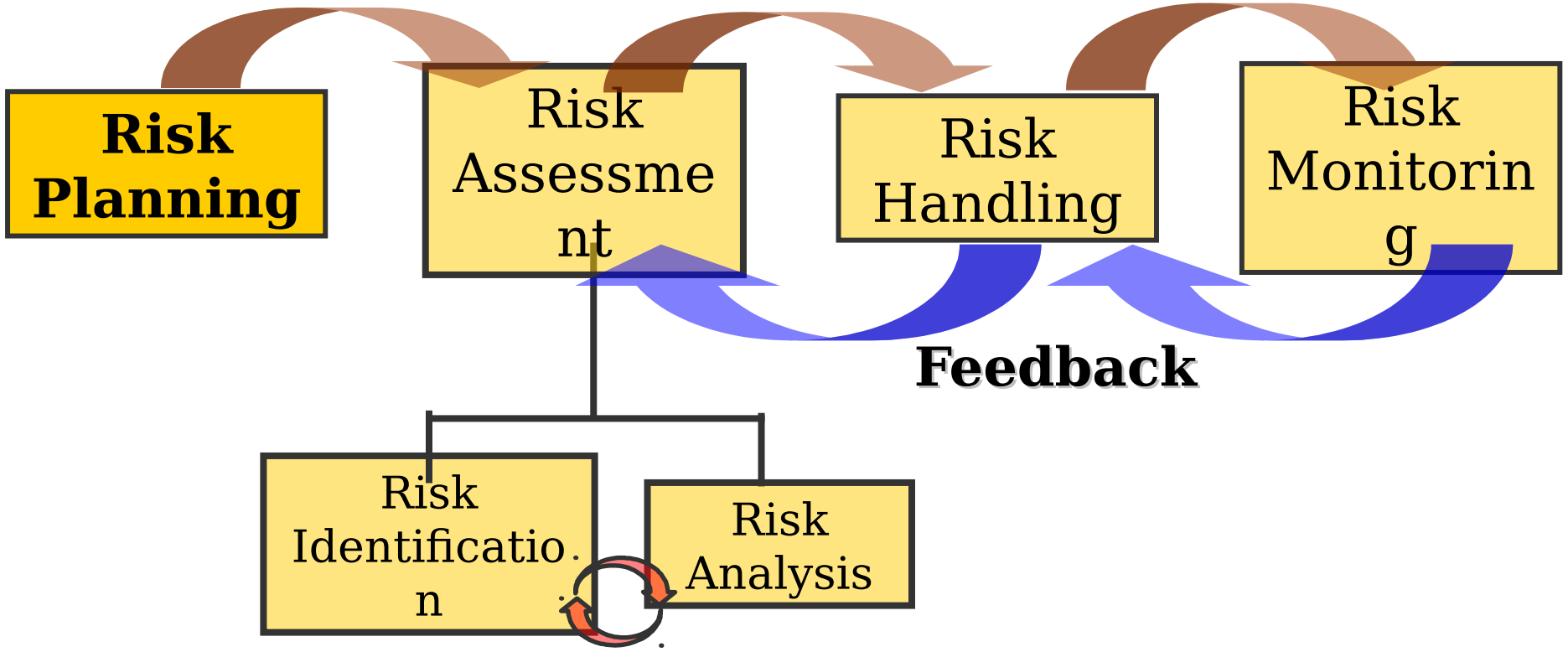
Risk Identification - we do it all the time

- Req: Vacation to Hawaii the 1st week of Sep
  - What could happen? : Hurricane
    - Probability: Not likely
    - Consequence: Moderate to Critical
  - How can the risk be handled?
    - Change date
    - Take out insurance
    - Change location for vacation
  - How can we monitor?
    - Weather statistic
    - Weather channel/news

Risk Management Process Model



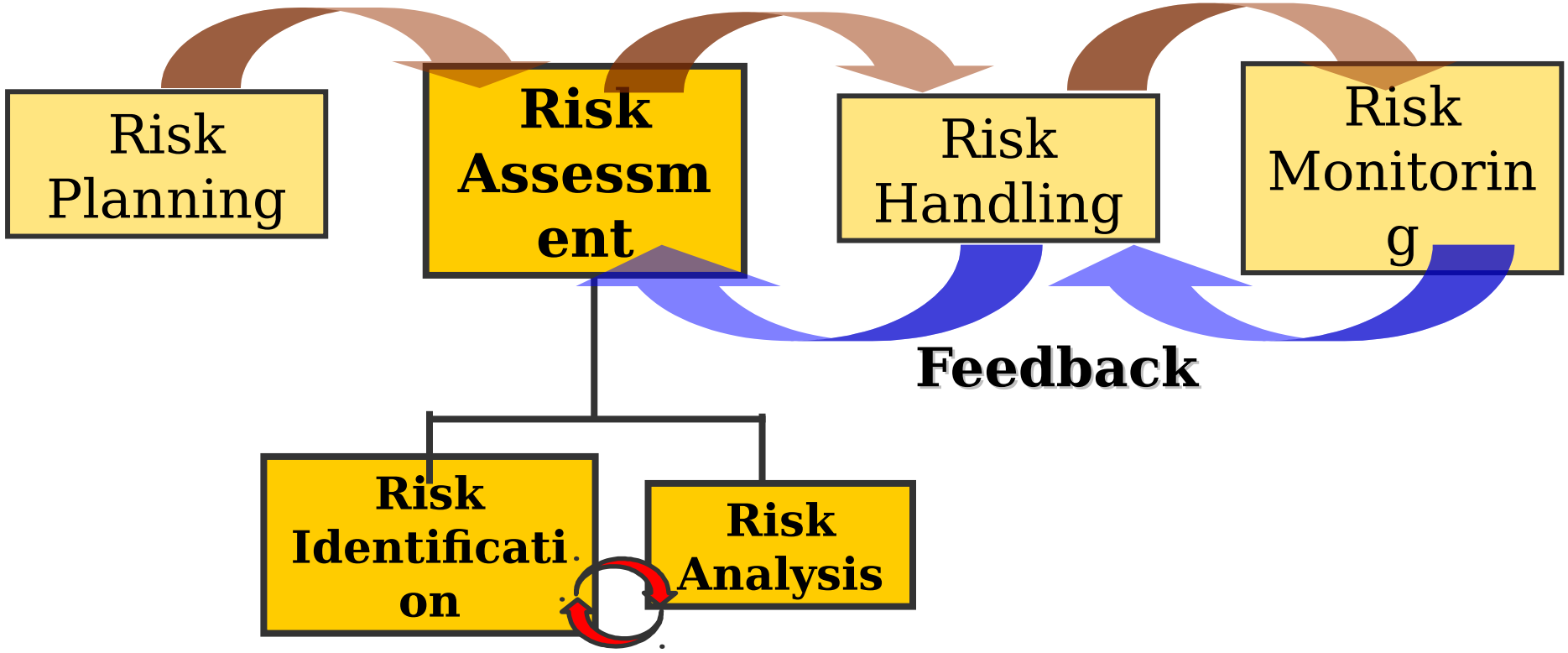
The Risk Management Plan



Risk Planning

- Risk planning is the process to:
  - Develop and document an organized, comprehensive, and interactive risk management strategy
  - Determine methods to execute strategy
  - Plan for adequate resources
- Risk planning is iterative and includes activities to assess, control, monitor, and document the risks associated with the program
- Integral part of development of acquisition strategy

Risk Assessment



Risk Assessment

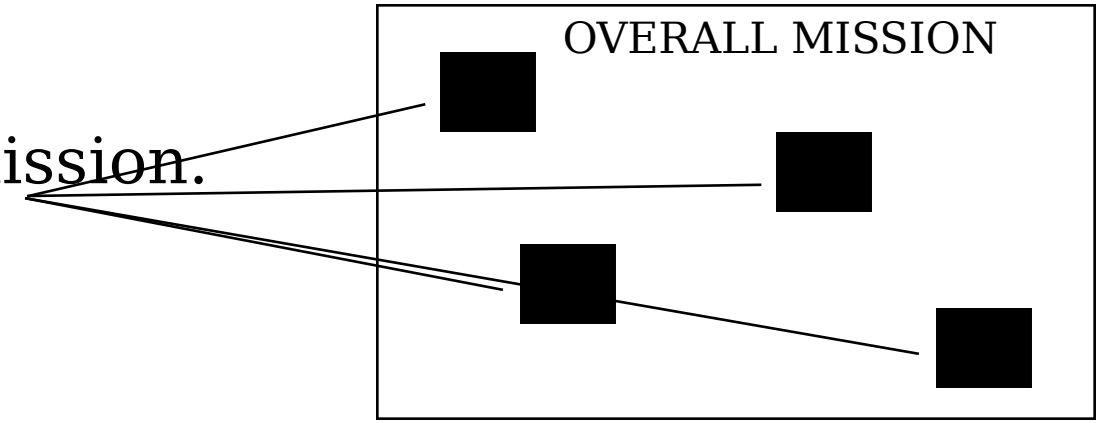
- The process of *evaluating risks for their potential to impact performance, cost and schedule* objectives
- Requires *focused integrated team effort* to provide an in-depth understanding of the sources and degree of risk.
- Process *includes assessing* each risk's *probability of occurrence and the consequence* if it does occur.
- Risk assessment is the *problem definition* stage of risk management that *identifies, analyzes*, and quantifies program events in terms of probability and consequences…… it is probably the *most difficult and time consuming* part of the management process

(*DSMC Risk Management Guide for DoD Acquisition P. 2.6.2*)

MISSION TASK ANALYSIS

What is at risk?

Focus on the critical components of the mission.



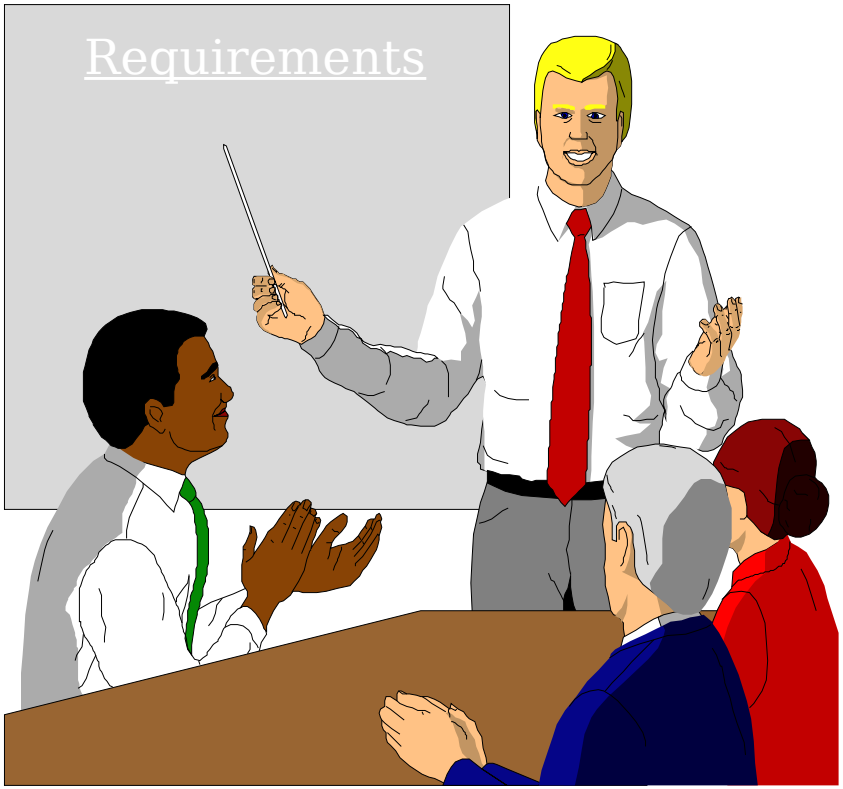
FINDING THE IMPORTANT TARGETS

- **Review the mission statement.**
- **Focus on key capabilities and the associated equipment.**
- **Look at past patterns of mishaps to detect high impact issues.**
- **Ask personnel impacted to explain what is important.**

Probability/Consequence Screening Example

Determine Requirements

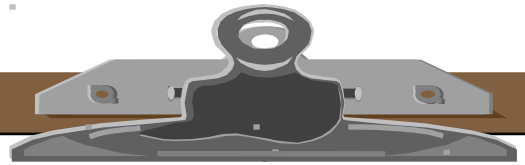
- Performance
  - Operational Availability of 90%
  - 24/7 operations
- Training
  - Provided by contractor
- Maintenance
  - Total CE support – 5 sites
- Budget
  - Expected cost $20million/year



Risk Identification

- Over the life of the program
  - What things could go wrong?
  - What would cause that to happen?
  - Include ALL possible negative events

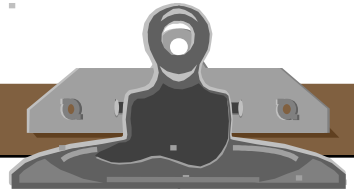
Types of Risk



- ☑ ***Schedule risk***
- ☑ ***Cost risk***
- ☑ ***Technical feasibility***
- ☑ ***Risk of technical obsolescence***
- ☑ ***Dependencies between a new project and other projects or systems (e.g., closed architectures);***
- ☑ ***Risk of creating a monopoly for future procurement***

OMB Circular A-11

Risk Areas



- ☒ Performance Requirements
- ☒ Mission Changes
- ☒ Technology
- ☒ Logistics
- ☒ Facilities
- ☒ Capability of Marketplace
- ☒ Funding
- ☒ Management
- ☒ Contract Transition
- ☒ Environmental issues
- ☒ Strikes
- ☒ Government Supplied Property *(GFP, GFE, GFI)*
- ☒ etc…

HAZARD PRODUCERS

AFPAM 91-215, Para 2.9.1, Page 12

Change	Resource Constraints
New Technology	Complexity
Stress	Societal Constraints
Environmental Influences	Human Nature
Ops Tempo	High Energy Levels

Example Risk Identification

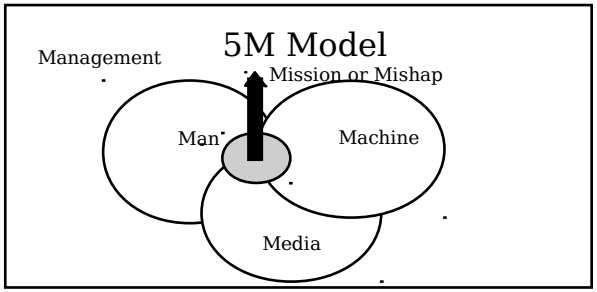
- **Personnel housing**
- **Aircraft parking**
- **Air traffic control**
- **HAZMAT issues**
- **Exposure to HAZMAT**
- **Sanitary conditions**
- **Fire hazards**
- **Exposure to HAZMAT**
- **Taxi procedures**
- **Grd equip deployment**
- **Security issues**
- **Mission interfaces**
- **Peak density issues**
- **Equipment reliability**
- **Positioning of added fuel/ordnance**

Tools to Use

THE 5M MODEL

- Man - Selection, Performance, Personal Factors
- Machine - Design, Maintenance, Logistics, Tech Data
- Media - Climate, Operational, Hygiene
- Management - Standards, Procedures, Controls
- Mission - The desired output

LIST CAUSES



Use the 5M model to detect root (systemic) cause factors.

<u>Man</u> – Doesn’t know – Training, Doesn’t care – Motivation, Can’t do – Selection.

<u>Machine</u> – Poor design, faulty maintenance, procedures.

<u>Media</u> – Weak facility design, lack of provisions for natural phenomena.

<u>Management</u> – Inadequate procedures, standards and controls.

<u>Mission</u> – Poorly developed, weak understanding, incompatibilities.

“WHAT IF” ANALYSIS: DEFINITION & PURPOSE

- **DEFINITION:** A brainstorming approach using a group of experienced personnel to ask questions.
- **PURPOSE:** To provide an easy to use tool that can capture the expertise of experienced personnel.
- **USE:** Any stage of process, for all or part, in a group or individually.

THE SCENARIO PROCESS

- **METHOD:** Close your eyes, and using the operations analysis as a guide, visualize the flow of events
- **RESOURCES:** The operations analysis provides the “script” for the visualization process
- **COMMENTS:** This is the best tool for linking two or more hazards into a single scenario

AFPAM 91-215, Appendix A,

USES OF THE LOGIC DIAGRAM

- **To examine hazards in detail.**
- **To assess the results of a hazard.**
- **To understand the relationship of related hazards (tie other tools together).**
- **To use as a hazard control record.**

THREE KINDS OF LOGIC DIAGRAMS

- **POSITIVE** - What do we need to get it right?
- **NEGATIVE** - What factors can cause a mishap event?
- **RISK EVENT** - What will be the outcome of a hazard?

CHANGE ANALYSIS

- **METHOD:** Compare the current situation to a previous situation. The form supports this process.
- **RESOURCES:** Some one must know the previous or baseline situation.
- **COMMENTS:** This is agreat labor saver. If a process has been risk managed, the change analysis means we only need to focus on the change.

AFPAM 91-215, Appendix A,

TYPICAL CHANGE ANALYSIS

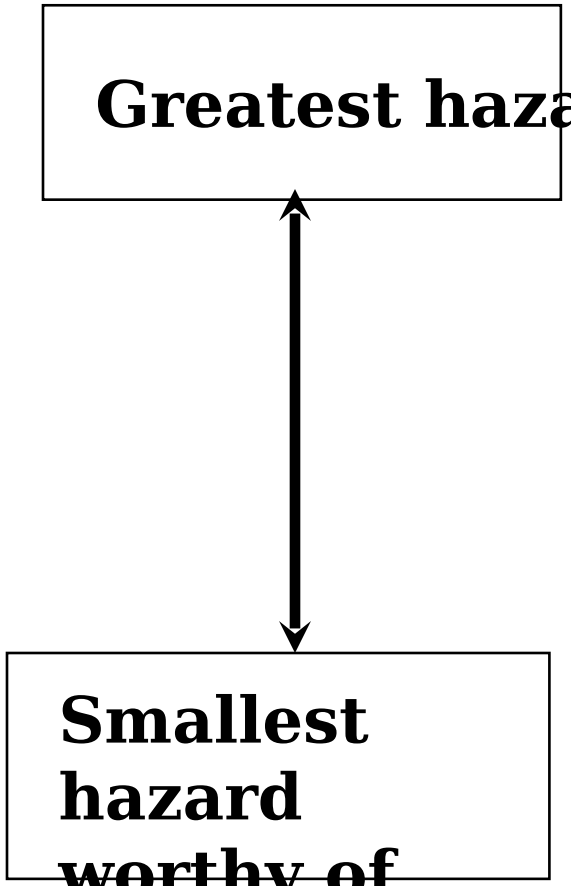
- **Assess impact of resource cuts (time, dollars, people,).**
- **Assess impact of the environment.**
- **Assess impact of changed equipment or supplies.**
- **Assess impact of last minute change.**
- **Assess impact of change on downstream activities.**
- **Assess the impact of process & production changes.**

CAUSE & EFFECT DIAGRAM

- **ALTERNATIVE NAMES:** Fishbone Diagram
- **PURPOSE:** To examine the relationship between a hazard and causes
- **APPLICATION:** This tool should be used whenever numerous causes can lead to a hazard

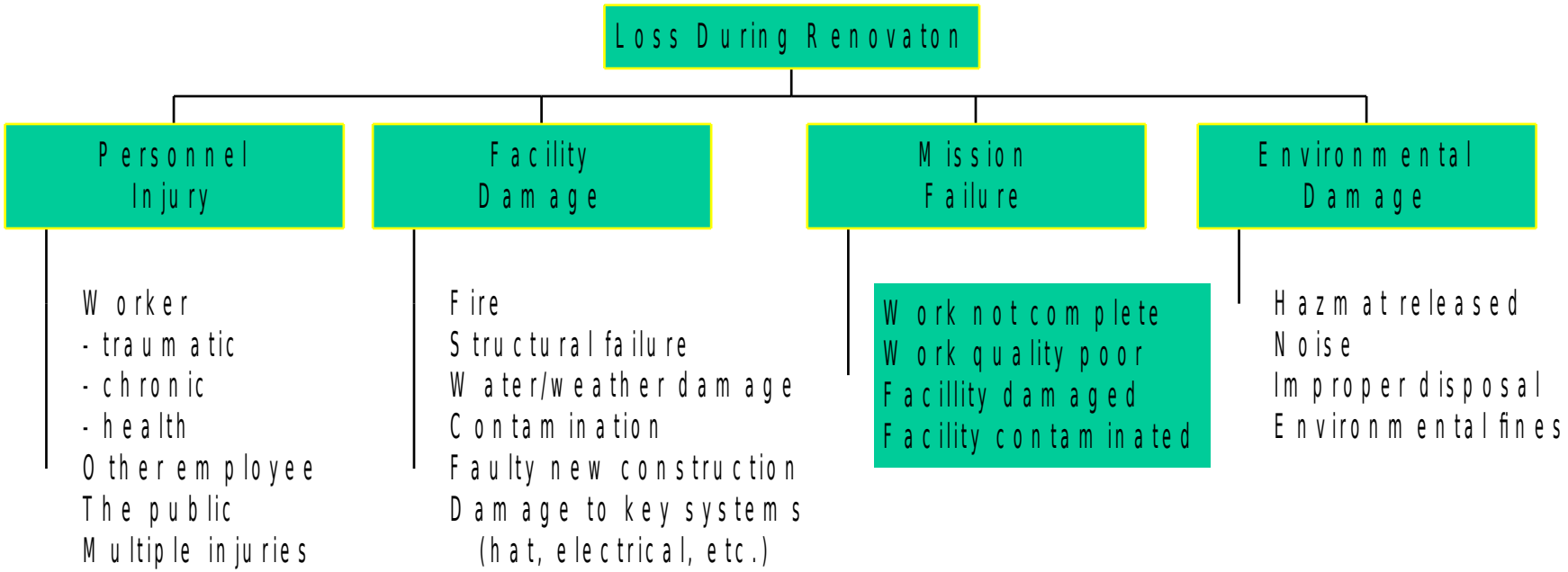
AFPAM 91-215, Appendix A,

THE RISK TOTEM POLE

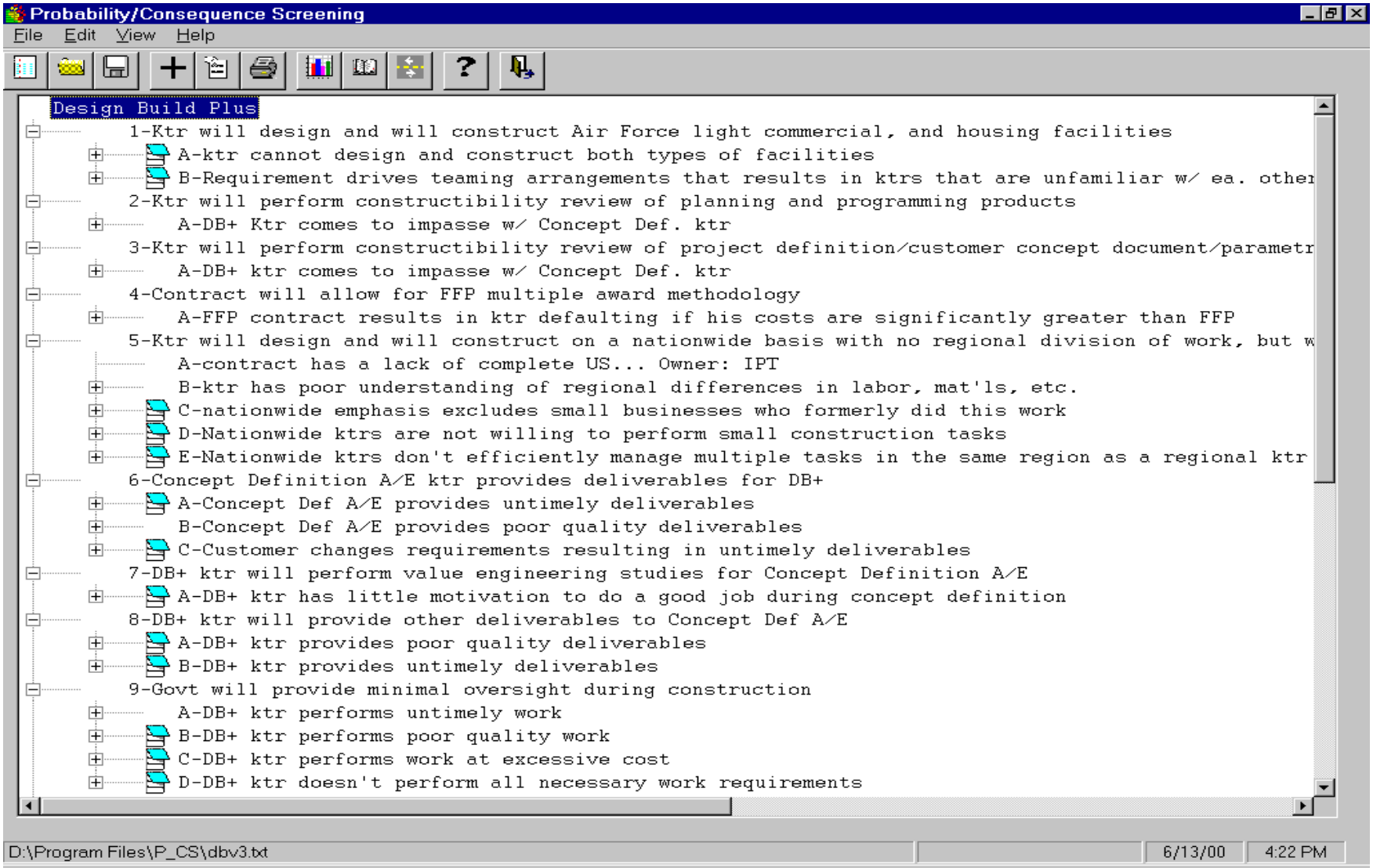


BY RANKING THE HAZARDS WE CAN WORK THEM ON A PRIORITY BASIS. THIS IS VITAL BECAUSE RISK CONTRO RESOURCES ARE ALWAYS LIMITED AND SHOULD BE DIRECTED AT THE BIG PROBL FIRST TO ASSURE MAXIMUM BANG FOR THE BUCK

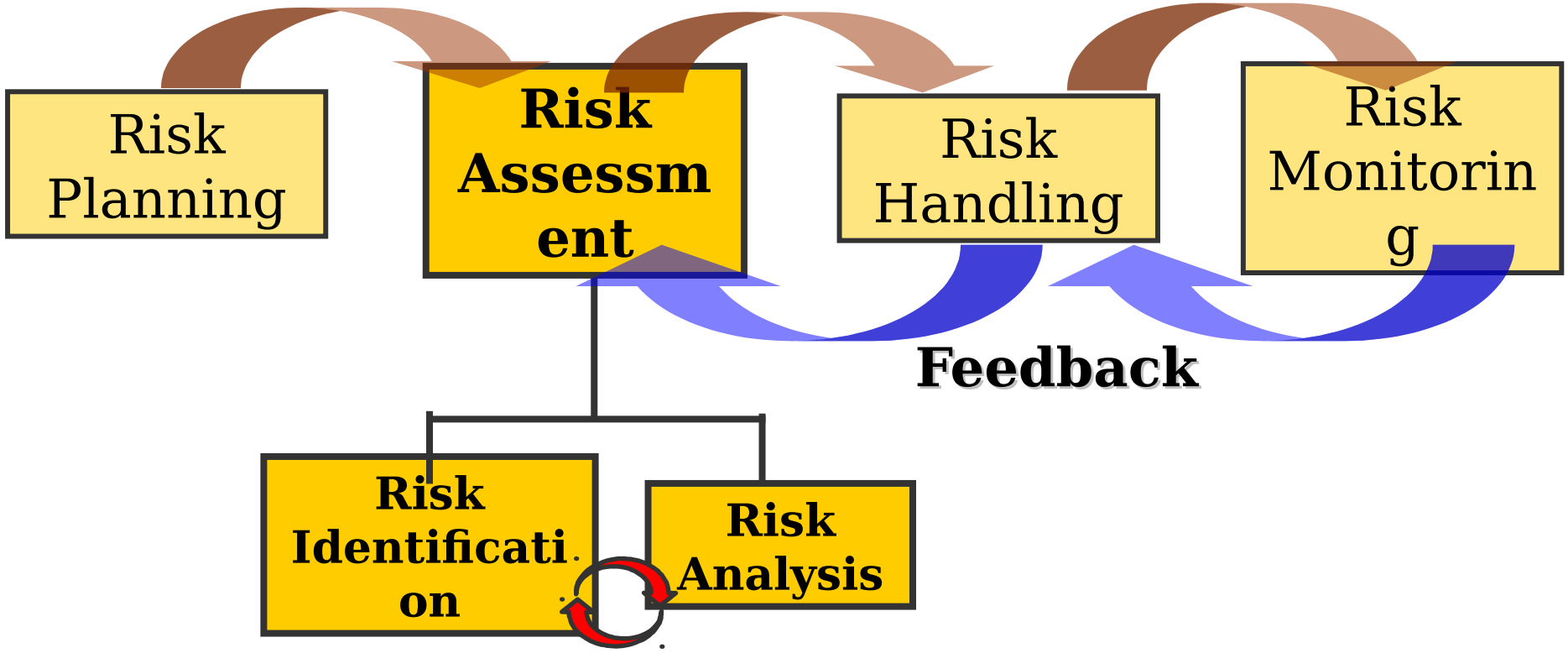
RISK EVENT LOGIC DIAGRAM
Self-Help Building Renovation



Example Risk Identification



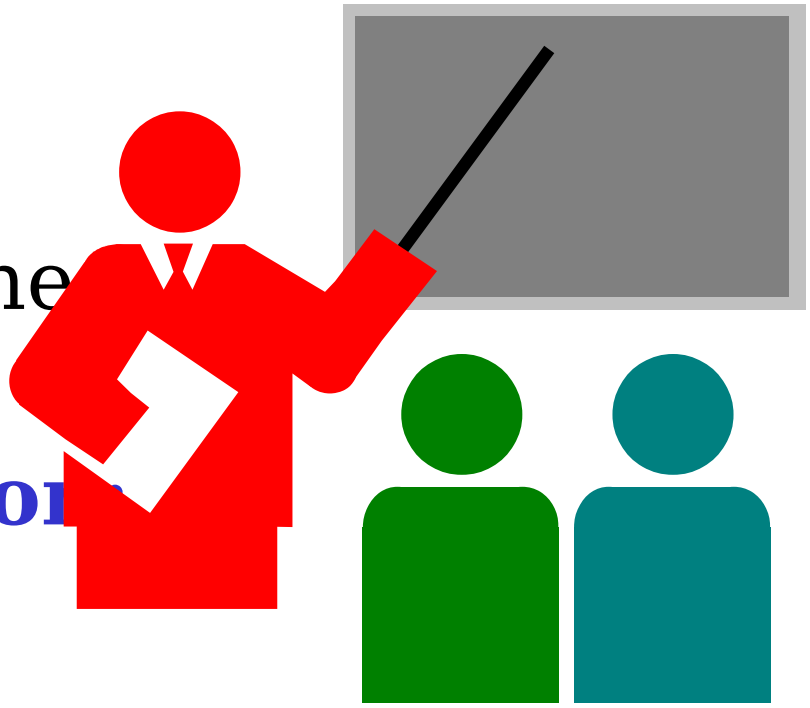
Risk Assessment



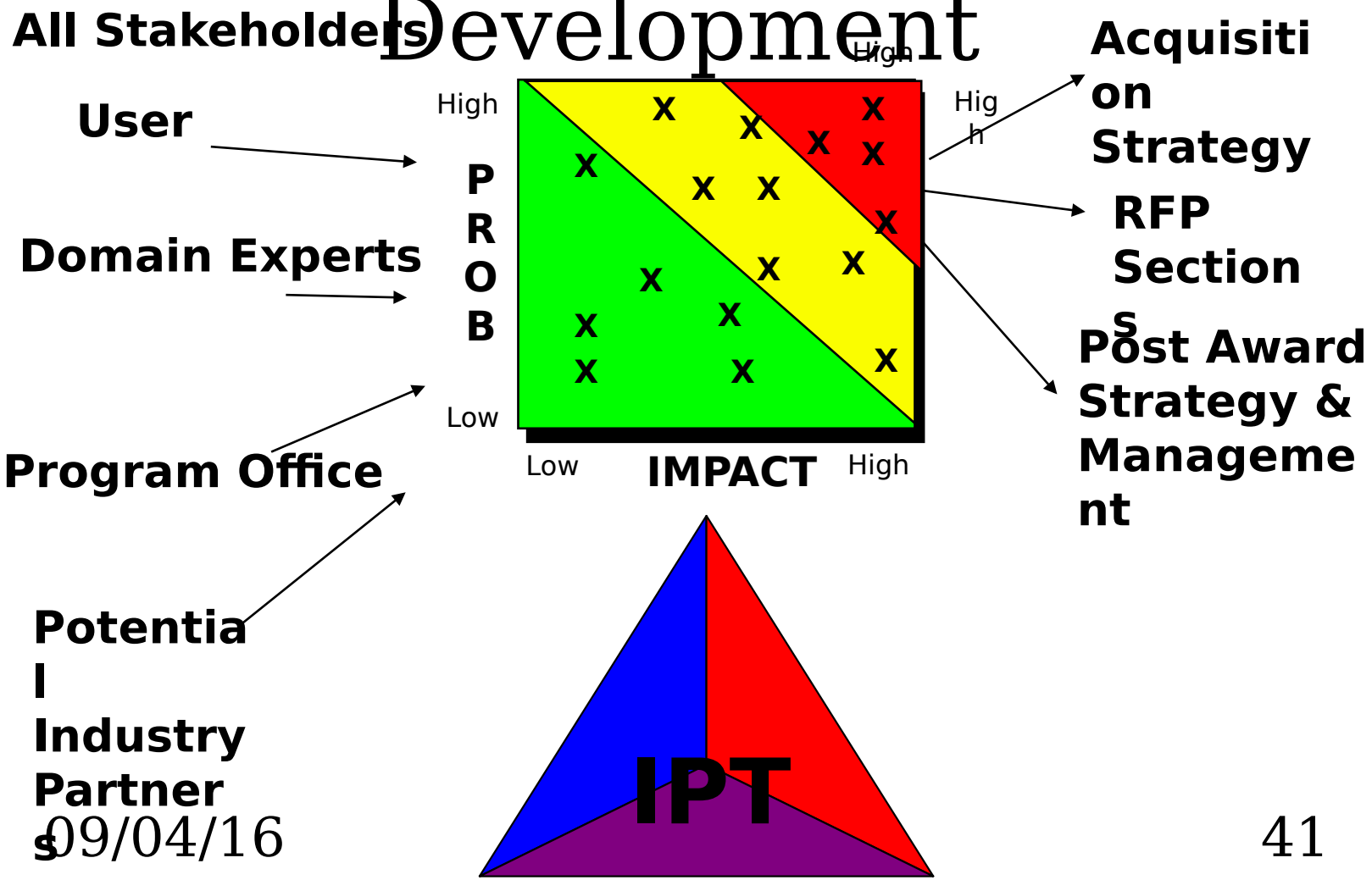
Probability/Consequence Screening

Risk Identification and Analysis

- Identify the risks associated with the requirement
- **Rank each risk on**
  - **Probability**
  - **Impact/Consequence**



Probability/Consequence Screening Matrix Development



ASSESSMENT PITFALLS

- **Over optimism**
- **Misrepresentation**
- **Alarmism**
- **Indiscrimination**
- **Prejudice**
- **Inaccuracy**

Probability/Consequence Screening Example

Risk Identification

Req. # 1 Technical Requirements	Pr	Im
A Operational Availability falls below 90%	☐	☐
B 24/7 coverage is not possible	☐	☐
C Upgrade to system doesn't interface	☐	☐
D Cannot locate alternative sources for critical com[illegible]s	☐	☐
E	☐	☐
F	☐	☐
G	☐	☐
H	☐	☐

ASSESS HAZARD SEVERITY

- **What impact on mission?**
- **What impact on people?**
- **What impact on things (materiel, facilities, environment)?**

Probability Ratings

Probability of risk becoming reality:

- Not Likely - **(0 - 10%)** Know this most likely will not occur
- Low Likelihood - **(11 - 40%)** Believe this will not occur
- Likely - **(41 – 60%)** Toss-of-coin
- Highly Likely - **(61 - 90%)** Believe this will occur
- Near Certainty - **(91 - 100%)** Know this most likely will occur

Consequence Ratings

Cost/schedule/performance impact of risk?

- Negligible**: An event which, if it occurred, would have almost no effect on the program**
- Minor: **An event which, if it occurred, would cause only a small increase in program cost and/or schedule. Requirements would still be achieved**
- Moderate**: An event which, if it occurred, would cause moderate cost/schedule increases, but the requirements would still be achieved**
- Serious**: An event which, if it occurred, would cause serious cost/schedule increases. Secondary requirements may not be achieved**
- Critical: **An event which, if it occurred, would cause program failure**

Consequence Ratings

Consider level of attention for resolution e.g.:

- **Negligible:** *Work-a-day issues and problems*
- **Minor:** *Govrn't and Contractor PM/PM toe-to-toe, User concerned, programmatic workarounds required, slip of weeks, cost increase over 10%*
- **Moderate:** *Group CO/ Division Director involvement, Many workarounds, few month slip, cost increase over 25%*
- **Serious:** *Wing CO/ Regional VP involvement, Severe mission impact, Multi-month schedule slip, Cost increase over 50%*
- **Critical:** *GO/CEO involvement, Mission failure, Program cancelled or major restructure*

Probability/Consequence Screening

PF = Probability of Occurrence

Five Levels:

1: 0 - 10%	Not Likely
2: 11 - 40%	Low Likelihood
3: 41 - 60%	Likely
4: 61 - 90%	Highly Likely
5: 91 - 100%	Near Certainty

–

CF = Consequence of Occurrence

- Negligible
- Minor
- Major (Moderate)
- Serious
- Critical

Consequence Screening Is a Quick Method Which Is Generally Done Concurrently With Risk Identification

Risk Score Is Determined by Placing Risk Item in Consequence Screening Matrix

Probability/Consequence Screening Example

Assign Probabilities And Impacts

Req. # 1 Technical performance

		Pr	Im
A A	Operational Availability falls below 90%	5	C
B	24/7 coverage is not possible	4	C
C	Upgrade to system doesn't interface	5	S
D	Cannot locate alternative sources for critical comp[illegible]	1	S
G		2	Mi
H		2	C

Probability/Consequence Screening Example

Plot Risk Matrix Scatter Diagram

Impact → Higher

Probability → Higher

	Negligible (N)	Minor (M)i)	Moderate (Mo	Serious (S)	Critical (C)
5 91-100%				1C 4A	1A 4B
4 61-90%					1B 4C
3 41-60%					
2 11-40%		1E			1F
1 0-10%		4E		1D	2D

Edit View Help

Design Build Plus

1-Ktr will design and will construct Air Force industrial, commercial, and housing facilities

A-ktr cannot design and construct all three types of facilities

B-Requirem

2-KTR will per

A-DB+ Ktr

3-Ktr will per

A-DB+ ktr

4-Contract wil

A-Contract

B-DBIA ind

C-GMP cont

5-Ktr will des

6-Govt will em

7-Govt will ov

8-Govt will pr

9-Ktr will per

10-Ktr will pe

A-Ktr has

11-Ktr will co

12-Ktr will pe

13-Ktr will pe

14-Ktr will pe

15-Govt will h

16-Govt and Co

17-Ktr will be

18-Ktr will pr

19-AF defines the key elements and all criteria of each of its proposed projects

20-AF agrees to the floor plan, exterior elements and site of each of its projects it proposes in a timely manner

21-O&M Funding, MCP design funding, and MCP construction funding is provided on a timely basis

22-In using the GMP contract, the DB+ contractor will cooperatively work with the AF to produce the intended facil

others practices

ametric estimate pro

but w/ a regional ca

Risk Assessment

Risk: Ktr has little motivation to do a good job durir

Owner:

Probability of Occurrence

- [ ] No Risk
- [ ] Level 1: 0 - 10%
- [ ] Level 2: 11 - 40%
- [ ] Level 3: 41 - 60%
- [x] Level 4: 61 - 90%
- [ ] Level 5: 91 - 100%

OK

Cancel

?

Annotations

contractor likely to identify VE items under working design as opposed to concept definition; improprieties would show up under past performance;

Consequence of Occurrence

Performance | Schedule | **Cost (Minor)**

- [ ] Negligible
- [x] Minor
- [ ] Moderate
- [ ] Serious
- [ ] Critical

Cost Sheet

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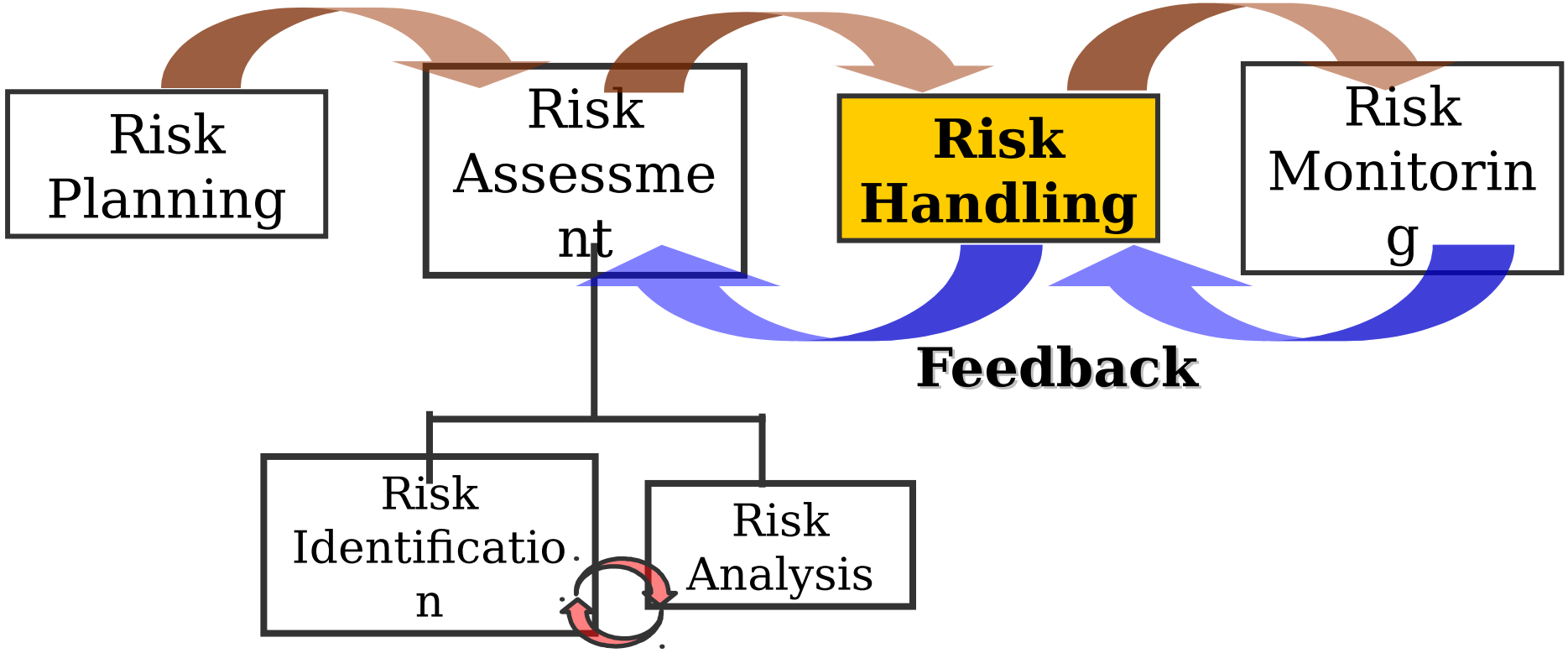
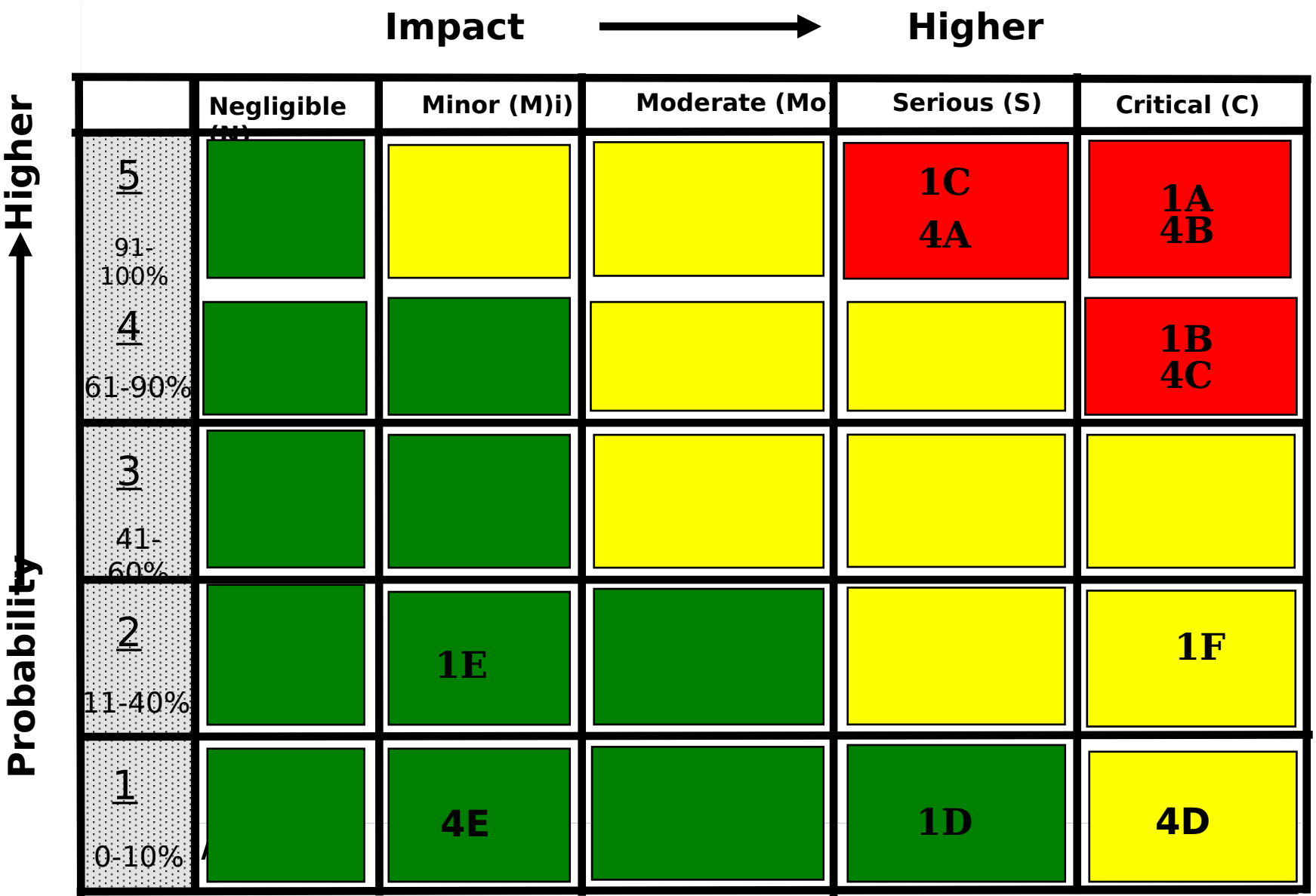
Model

Risk Handling



Probability/Consequence Screening Example

Establish Scatter Diagram Zones



Risk Assessment to Handling

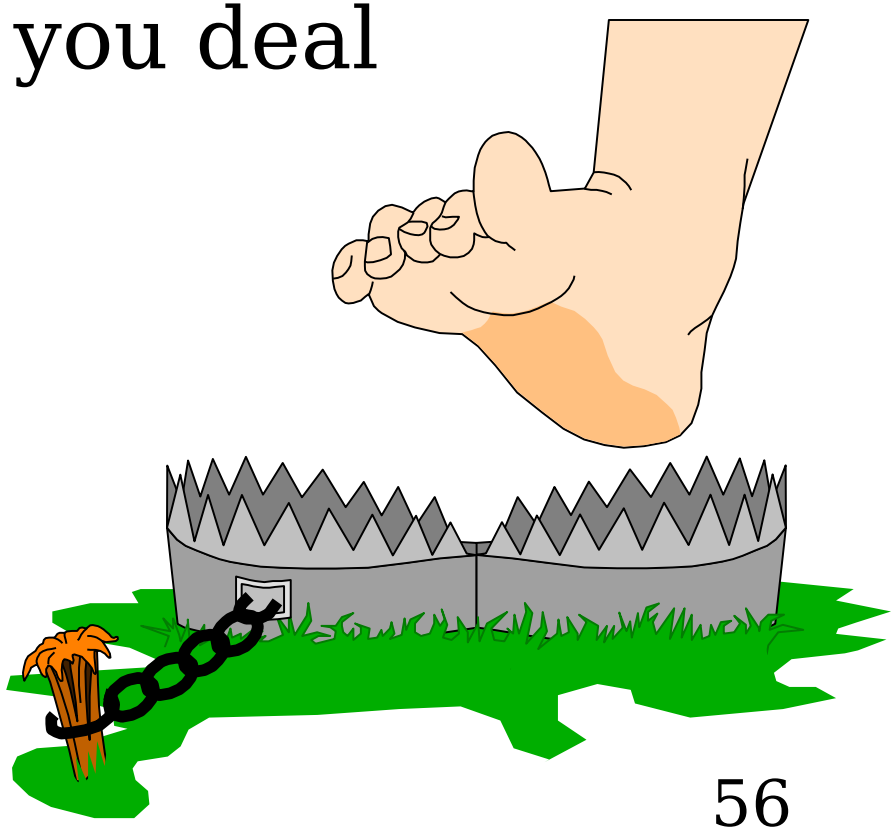
- Use scatter diagram to determine what areas to focus upon
  - What is critical ?
  - What is likely to occur ?
- Plan how to approach risk
  - Look at Requirements
  - Consider in designing RFP

Risk Handling

- Handling options must be carefully evaluated
  - Is the option feasible?
  - Will the option be effective?
  - Is the option affordable?
  - Is there time to implement the option…is there schedule impact?
  - How does the option effect the system’s technical performance?

Risk Handling

- Now that you have assessed the risks how do you deal them?
  - Avoid
  - Control
  - Transfer
  - Assume



Risk Handling Options

- Risk avoidance
  - Eliminate sources of high risk by changing concept, requirements, specifications, and/or practices to lower risk solutions.

Generally done in parallel with up-front requirements analysis and supported by cost and requirement trade studies.

Risk Handling Options
(Continued)

- Risk control
  - Does not attempt to eliminate the source of risk but seeks to reduce or mitigate risks.

Some risk control actions are: Alternate design, trade studies, early prototypes, incremental development, technology maturation, design of experiments, demo events, mock-ups, modeling and simulation et.al. (***See DSMC Risk Management Guide for DoD Acquisition for others***)

Risk Handling Options
(Continued)

- Risk transfer
  - Reallocation of risk within the system or between government and prime contractor or within government agencies

This is a form or risk sharing not risk abrogation. It may influence cost objectives. Effectiveness depends on use of successful system design techniques such as modularity and functional partitioning. Often used to concentrate risk in one area of the design to allow management to focus attention and resources.

Handling Options
(Continued)

- Risk assumption
  - Acknowledgement of a particular risk situation and the conscious decision to accept the associated level of risk

Generally there are no special efforts made to control a risk that is assumed, however, a general cost and schedule reserve may be set aside to deal with any problems that occur as a result of various risk assumption decisions.

Risk Handling and Contingency Plans

- **A** contingency **is a possible future event or condition or an unforeseen occurrence that may necessitate special measures**
- **A** contingency plan **documents the special measures to be taken if the event occurs**
- Example:
  - Prohibiting open flames in your home is an active measure that mitigates the risk of a home fire by reducing the probability of one occurring
  - A contingency plan to evacuate your home and call 911 is not an active measure that mitigates the risk of a home fire, but is a reactive measure to be taken in the event of one

Probability/Consequence Screening to RFP

- Determine requirements and group
  - Technical, cost, schedule, etc.
- Identify risks to meeting each requirement
- Assign probability and consequence ratings to each risk
- Plot on scatter diagram
- Establish scatter diagram zones
- Apply the results
  - Acquisition Strategy, RFP Development, etc.

Example Risk Handling Plan

RISK	APPROACH
C8A – Contractor has ineffective Program Management, requiring excessive Gov't Oversight	• RFP Discriminator: Evaluate past performance in effective management. • Incentivize through Award Fee or Incentive Fee in contract structure
P9A – Contractor does not perform adequate testing due to financial contraints P10A – Contractor does not provide updates to the Performance Spec due to financial contraints.	• Program can shift resources to complete testing or Spec as tradeoff in requirement • RFP Discriminator: Scrutinize cost mgt & cost realism in proposal and cost mgt in past performance.
P10B – Contractor does not update Performance Spec due to poor contract performance / lack of technical ability	• RFP Discriminator: Past Performance in . • RFP Discriminator: Technical Experience – risk of approach in proposed sample taks

Acquisition Strategy

Define Requirements → Identify/ Analyze Risks → Mitigate Risks → Develop Acquisition Strategy

- Contract Type
- No. of Contracts
- Contract Vehicle (IDIQ, GSA, etc.)
- Use of Commercial Items/Components/Services
- Type of Source Selection
- RFP Discriminators
  - Mission Capability
  - Proposal Risk
  - Price/Cost
  - Past Performance
- Contract Incentives
- Selection Criteria for Delivery/Task Orders
- Budget/Schedule

Risk Handling Plans

- Risk handling techniques in acq. strategy:
  - Competition**: maintaining competition as long as possible during program phases can lower risk (e.g., ktr that can better mitigate risk rises to top, ktr assumes more risk)**
  - Commerciality: **use of commercial products/services drives down schedule, cost, and performance risks**
  - Contract incentives: **in cost-plus contracts, ktr realizes higher fee/rate of return by decreasing costs or by meeting high risk performance targets; second sourcing; sharing cost savings w/ prime and subs**

Risk Handling Plans continued

- Risk handling techniques in acq. strategy:
  - Market research**: vital tool to identify risk reducing opportunities (e.g., lower risk design approaches, commercial opportunities, competition)**
  - User/ktr involvement**: greater involvement drives risk down (e.g., have users/ktrs involved in requirements definition, cost/performance trade-offs, risk mgmt, get feedback through RFIs, draft RFPs, and Industry Days, share data/lessons learned with contractors)**

Risk Handling Plans Continued

- Risk handling techniques in acq. strategy:
  - Contract Types:
    - Cost Reimbursable (requirements and costs uncertain): Gov. assumes risk - benefiting, if actual cost lower than expected; losing, if work not completed within expected cost
      - Fixed Fee: high technology risk; performance/cost targets difficult to define
      - Award Fee: judgmental standards can be fairly applied; suitable for large scale programs
      - Incentive Fee: objective performance/cost targets can be established
    - Firm Fixed Price (requirements well defined; costs accurately estimated): Ktr assumes risks

A reminder: USAF Evaluation Factors

- **Mission Capability**
  - **Evaluation of offeror's proposal against the Gov.'s minimum performance or capability requirements**
- **Proposal Risk**
  - **Assessment of risks and weaknesses associated with offeror's proposed approach**
- **Past Performance**
  - **Assessment of the degree of confidence the USAF has in an offeror to provide products or services that meet the users' needs (including cost and schedule) based on demonstrated record of performance**
- **Price or Cost**
  - **Assessment of affordability used to establish reasonableness or realism**

Discriminators

- Steps to development of effective discriminators:
  - Develop, through risk analysis, criteria that addresses high program risks:
    - Must be important to the program
    - Used as tool to reduce risk
  - Develop, through market research, min. capability or performance value to apply to criteria:
    - Know capabilities of potential offerors
    - Set min. too high, everyone fails; too low, everyone passes
  - Determine how min. value can be exceeded in a beneficial way, and how it can be captured by the Gov.
- Performance-Price Tradeoff (PPT) Discriminators:
  - Developed same way as for Full Trade Off (FTO)
  - No exceedance allowed; pass/fail only

Risk Handling Plans

- Risk handling techniques in acq. strategy:
  - Source Selection Types:
    - Lowest Price
      - **Low risk/clearly defined requirements – price only concern**
    - Lowest Price/Technically Acceptable (LPTA)
      - **Risk concerns limited to technical acceptability and price**
    - Performance/Price Tradeoff (PPT)
      - **Performance concerns in addition to price and technical**
    - Full Trade-Off (FTO)
      - **Concerns of PPT plus proposal risk**

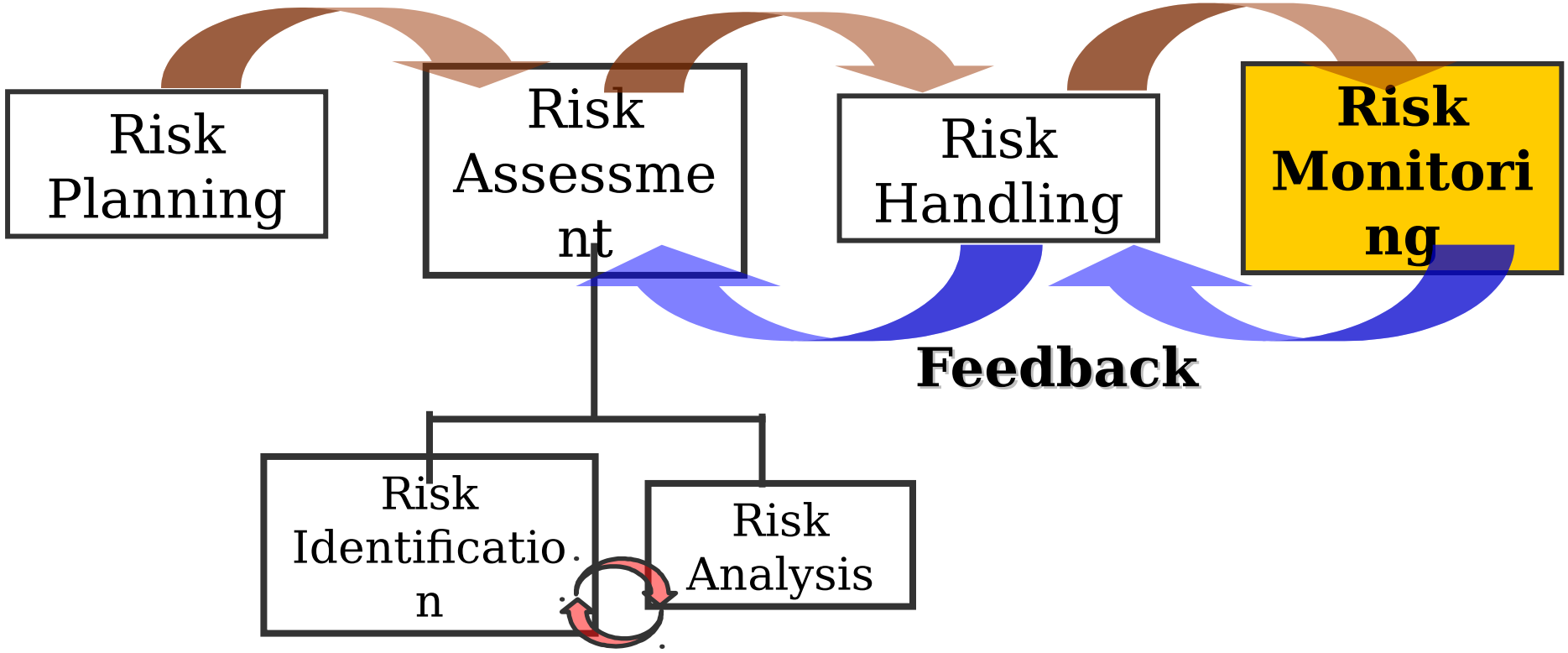
	Price	Mission Capability	Past Performance	Proposal Risk
– Low Price	√			
– LPTA	√	+/-		
– PPT	√	+/-	√	
– FTO	√	√	√	√

Risk Handling Example

RISK	PRE	APPROACH	POST
C8A – Contractor has ineffective Program Management, requiring excessive Gov't Oversight	M	• **RFP Discriminator: CSOW and TMP evaluated for effective program management and past performance.** • Incentivize through Award Fee or Incentive Fee in contract structure	L
P9A – Contractor does not perform adequate testing due to financial contraints P10A – Contractor does not provide updates to the Performance Spec due to financial contraints.	M	• Program can shift ECO resources to complete testing or Spec • RFP Discriminator: Scrutinize cost mgt & cost realism in proposal and cost mgt in past performance.	L
P10B – Contractor does not update Performance Spec due to poor contract performance / lack of technical ability	M	• RFP Discriminator: CSOW and TMP evaluated for effective program management and past performance. • RFP Discriminator: Technical Experience and Technical Approach (technology, risk, design, proposal)	L

The Risk Management Process Model

Risk Monitoring



Risk Monitoring

- Systematically tracks and evaluates effectiveness of risk handling actions
  - Measures against established metrics
  - Provides basis for developing additional handling options and identifying new risks
- Establishes a management indicator system for the program that the PM uses to evaluate program status

Risk Monitoring

- Risk Monitoring:
  - Cost and schedule:
    - Earned Value Management - periodic comparisons of actual work accomplished with work planned and budgeted
    - Cost status reports - used to monitor cost-related risks
    - Schedule analysis - used to monitor schedule-related risks

Risk Monitoring Techniques

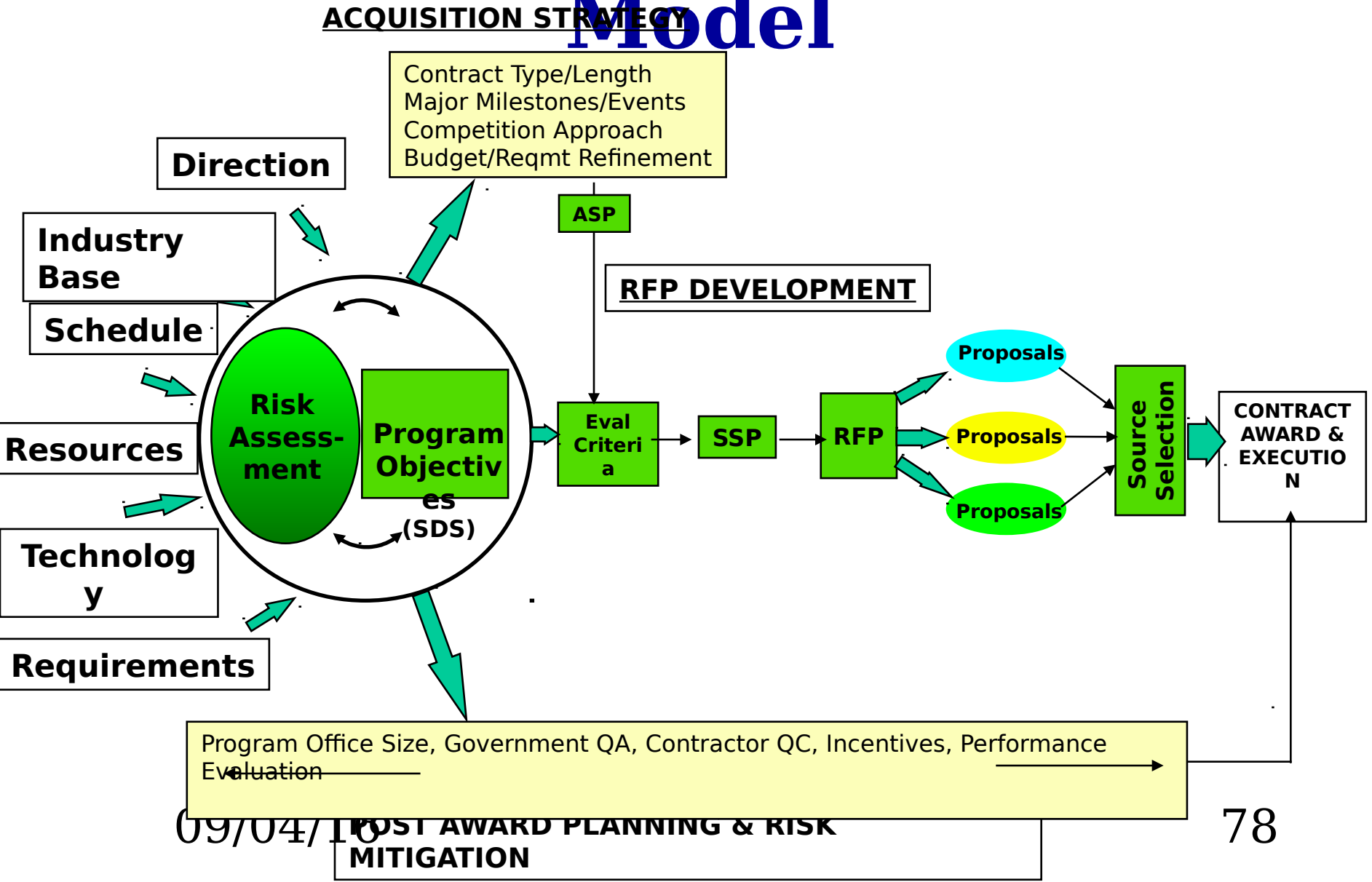
- Develop Quality Assurance Surveillance Plan based on risks associated with requirement in light of SOW requirements and Service Delivery Summary

Documentation

- Document the risk management process
  - Provides basis for program assessments and updates
  - Ensures more comprehensive risk assessments
  - Provides basis for for monitoring handling actions
  - Provides background material for new personnel
  - Is a management tool for program execution
  - Provides rational for program decisions

Risk Assessment

Acquisition Process Model



Summary

- Risk management is not only required but also prudent
- Risk management process is made up of planning, assessment, handling, and monitoring
- There are several methods of assessing and handling risks
- Risks and the process should be documented and documents kept current

Summary

- Risk Management is not just a block to “check off” in the Acquisition Plan or in the ASP. Your acquisition strategy is driven by it and must reflect it.
- Lack of specificity in stating requirements and risks can lead to ineffective handling plans and acquisition strategies.
- Tie risks together with their associated requirements
- Identify risks over the life of the program, not just near term risks

Summary

- Adequately define Probabilities and Consequences:
- Risk analysis assumptions (Probability/Consequences) should be documented
- Adequately define High, Moderate, and Low risk ratings:
- Reach consensus on priority for Handling/Contingency Plans
- Use RFP discriminators to mitigate risks
  - Use market research to understand Industry capabilities
- Program risks must be managed and monitored

Credits

- Sources used in development of this training include the following:

- **Centralized Acquisition Support Team AFMC/AQ**
- **311 HSW/PKA**
- **Service Acquisition School Virtual Schoolhouse: SAS 013**

Finding More Information: Key Risk Management References

- DoD Directive 5000.1- use Defense Acquisition Deskbook
  - Policy for translating operation needs into stable programs
- DoD Regulation 5000.2-R - use Defense Acquisition Deskbook
- Probability and Consequences Software Tool
  - www.afmc.wpafb.af.mil/hq-afmc/aq/crfpst/risktool.html
- DSMC Risk Management Guide
  - www.dsmc.dsm.mil/pubs/gdbks/risk_management.htm
- AFMC Pamphlet 63-101 - Risk Management
  - www.afmc-mil.wpafb.af.mil/pdl/afmc/pam/63series/63_101/63-101.pdf
- Service Acquisition School Virtual Schoolhouse: SAS 013
  - 140.140.45.239/VirtualSchoolhouse/Customers/SAS/catalogue.stm

Always determine the risk and consequences of your approach to that risk before you act

QUESTIONS ?????